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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE FIRST PART OF ITS FORTIETH SESSION

held at the Palais des Nations, Geneva,
from 20 September to 1 October 1993

Volume I

Report to the United Nations General Assembly

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INTRODUCTION

The first part of the fortieth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 20 September to 1 October 1993. In the course of the session, the Board held six plenary meetings - the 827th to 832nd meetings.

This report to the United Nations General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I), the statements of position made in connection with specific action by the Board (section II), and the procedural, institutional, organizational and administrative matters (section III).

In connection with the action reported in section I, attention is drawn to paragraph 56 of the Cartagena Commitment, which reads as follows:

> "The outcome of deliberative processes in the Trade and Development Board and its subsidiary bodies need not take the form of resolutions. Greater use should be made of agreed conclusions, assessments or summings-up by presiding officers, particularly when the issues are new or difficult ones, requiring further exploration and the building of common perceptions."

Volume II of the report of the Board on the first part of its fortieth session - to be issued subsequently in TD/B/40(1)/14 (Vol.II) - will reflect all the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA [1]

A. Conclusions adopted by the Board

Item 2. International implications of macro-economic policies and issues concerning global interdependence: growth dynamics in the context of global interdependence

Conclusions 405 (XL): Global interdependence

1. The debate of the Trade and Development Board on the international implications of macro-economic policies and issues concerning interdependence, which it conducts annually in accordance with paragraph 66 of the Cartagena Commitment, focused this year on "Growth dynamics in the context of global interdependence". As usual, the debate was underpinned by the Trade and Development Report, 1993 as well as by informal discussions with a number of experts invited for the purpose by the Secretary-General of UNCTAD.

2. The debate this year was notable for the substantive focus of the contributions made by many delegations from all regions. It was unanimously felt that the thrust of the debate, including the increasingly close attention paid to past and current experiences in different parts of the world, had been fully consistent with the Cartagena Commitment. There was equal agreement that the Trade and Development Report, 1993 was of a very high professional standard, that it had shed new light on issues of political importance and done so frontally and in a challenging way. The Secretary-General of UNCTAD was also commended on the quality of the experts he had invited.

3. There was broad consensus that the continuing recession in the developed market economy countries was a matter of great concern to all groups of countries. Many delegations noted that slow growth was not only adding to unemployment in the developed countries, which had reached intolerable levels, but also exacerbating protectionist pressures and limiting the demand for, and hence putting downward pressure on, the prices of their imports from other countries, most especially developing countries. It was widely noted that the terms of trade of developing countries for both their commodity and manufactured exports had been deteriorating continuously, with adverse consequences on their development performance and prospects. Great concern was expressed regarding the impact of the weakness of commodity prices on commodity-dependent economies, including the least developed countries.

4. It was recognized that while stimulative macro-economic policies might overcome the recession, many Governments faced a dilemma: demand and employment-generating fiscal policies would further raise government deficits and debt, whereas fiscal retrenchment of a classical character would exacerbate unemployment. A number of delegations spoke in favour of the approach put

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[1] For the Board's action on organizational and institutional matters, see section III below.

forward in the Trade and Development Report to resolve this dilemma, i.e. relaxation of monetary and fiscal stances to boost activity, combined with privatization and a one-time capital levy to reduce public indebtedness. However, others were critical of this approach and some suggested other market-oriented approaches and/or increased infrastructure spending.

5. In addressing the extent and character of the growth dynamics in developing countries and the countries in transition in Central and Eastern Europe, many delegations noted the wide variety of experiences. There had been excellent performance in some countries and encouraging progress in others, but in many other countries growth had been extremely poor. Numerous countries in all continents had undertaken major policy shifts towards market economy, but with differing degrees of success in improving performance and prospects. It was widely felt that the lessons of experience were complex, and that it was important for Governments to be more pragmatic, avoiding a repetition of past mistakes by themselves or others, while building on and seeking fresh recipes for success. It was noted that government intervention might be helpful in certain instances, but also that it was prone to being misapplied; some speakers noted that market-oriented approaches in many cases had led to higher growth rates. It was felt that the respective roles of markets and of the State needed to be kept under constant review by Governments of the countries concerned in order to identify for themselves and achieve the combination most suitable to their own particular situation.

6. There was widespread agreement that the conceptual framework, design and implementation of structural adjustment policies could be significantly improved, notably in Africa. In this context, attention was drawn to the need for closer attention to public investment, fiscal reform, public enterprises, export expansion and public administration.

7. It was recognized that the global financial and trading environment was important for growth in all parts of the world economy, particularly developing countries. Many delegations advocated improved macro-economic policy co-ordination in the light of growing interdependence. It was agreed that the growth that had occurred in certain developing regions had been a source of strength for the world economy at a time of general weakness, and that more rapid growth in developing countries would be of benefit all round.

8. Attention was drawn to the need for adequate and stable levels of financing, from public as well as private sources, to underpin growth-oriented domestic policies. Many delegations called for multilateral modalities to help improve the perception of commercial banks of the creditworthiness of developing countries. Drawing attention to the increasingly integrated nature of financial markets, they called for universally accepted guidelines for supervisory and regulatory procedures, and they also advocated replenishment of international financial institutions.

9. Many delegations stressed the need for vigorous growth in and improved access to external markets. Many delegations emphasized their view that most developed countries had failed to improve access to their markets, and that this posed a danger for the efforts of other countries to accelerate development by opening up their own economies and integrating into the world economy. The need for an "early warning" mechanism to address key emerging issues was stressed by

numerous delegations. The need for adherence to the principles and rules governing the multilateral trading system also received emphasis. There was consensus that it was extremely important to reach an early, comprehensive and balanced conclusion of the Uruguay Round, taking into account all issues of interest to developing countries and their development.

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Item 3. Debt issues in a development context, including the recent evolution of debt rescheduling

Conclusions 406 (XI.): Debt issues

1. At the first part of its fortieth session, the Trade and Development Board examined debt issues in a development context, including the recent evolution of debt rescheduling. The Board had before it the analysis prepared on this item by the secretariat as contained in the Trade and Development Report 1993, Part III. It also benefited from an exchange of views with a panel of experts, from both creditor and debtor countries. During the course of the debate, a broad convergence of views emerged on the following issues:

(a) A number of countries, particularly in Latin America, had made substantial progress towards resolving their debt difficulties, as a result of their strong adjustment efforts and a supportive international debt strategy.

(b) Many countries, however, were still far from overcoming their debt difficulties. These countries were mainly poor and mostly in Sub-Saharan Africa, but many middle-income countries were still experiencing debt problems. In addition, there were several countries with heavy debt-servicing burdens which had consistently honoured their obligations, but with difficulty.

(c) The recent improvements in the international debt strategy were welcomed. There was a need for continuing efforts by troubled debtors and by the international community to bring about a resolution of remaining debt problems. In this regard, special attention should be paid to the least developed countries. The role that increased external financial flows, in particular non-debt-creating flows, could play in helping to prevent and overcome debt difficulties was noted.

(d) Paris Club practices had recently improved, in particular with the adoption of enhanced concessional terms for the poorest most indebted countries. The Board noted that the Paris Club was continuing to review the debt situation of the poorest countries. As regards commercial bank debt, the agreements completed under the Brady plan had brought about a significant reduction in commercial bank debt, and had contributed to improved creditworthiness resulting from domestic economic reforms. A number of countries

were still negotiating Brady deals. International support was expected in order to facilitate such deals.

(e) The crucial role of the international financial institutions in supporting developing countries was emphasized. However, several countries, mostly poor, were in arrears to these institutions. The recent progress made in addressing this problem was welcomed. The mechanisms which had been put in place to deal with it, on a case-by-case basis, recognized the principle that the preferred creditor status of the international financial institutions should not be impaired, a principle that the Board fully endorsed.

(f) A number of countries in transition were experiencing serious debt servicing difficulties. The Paris Club had adopted a flexible and innovative approach to deal with these problems.

2. In the discussion of specific elements of the debt strategy, a number of issues requiring further consideration emerged. As regards official bilateral debt, several speakers noted the role that the proposed Trinidad Terms could play in helping overcome debt problems and urged their early adoption by the Paris Club. Others felt that even more substantial debt reduction should be granted. On the other hand, the view was expressed that the effects of the enhanced Toronto Terms should be examined before considering any new measures.

3. A number of speakers called for a review of eligibility criteria for debt reduction so as to include all heavily indebted low-income countries. Attention was also drawn to the urgent needs of lower middle-income countries for debt reduction.

4. In the area of multilateral debt, several speakers stressed that a substantial increase in net transfers from international financial institutions was particularly important for heavily indebted countries and would help them avoid the emergence of arrears. They also called for an adequate replenishment of the soft windows of these institutions. Others pointed to the need for an agreement on a new Enhanced Structural Adjustment Facility to be reached before the end of 1993, with the concessional element being no less than in the present scheme. A number of speakers urged that the possibility of improving the terms and conditions of current mechanisms for handling arrears should be examined. Some speakers also suggested that consideration be given to using SDRs as a means of reducing multilateral debt.

5. As regards commercial bank debt, a number of speakers urged Governments of creditor countries to take appropriate measures so as to ensure that the Brady deals being negotiated brought about a significant reduction in the total external debt of the countries concerned. Others underscored the voluntary nature of these operations.

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Item 4. UNCTAD's contribution, within its mandate, to sustainable development: trade and environment

Conclusions 407 (XL): Sustainable development

1. In accordance with decision 402 (XXXIX) of the second part of the thirty-ninth session of the Trade and Development Board, the Board held an exchange of views on the linkages between trade and environment policies. Its discussion was aided and enriched by the excellent documentation prepared by the UNCTAD secretariat and the contributions of a panel of experts drawn from several regions.

2. The Board concluded that a broad convergence of views had emerged on the following elements:

(a) The complex linkages between trade and environment pose significant challenges to the pursuit of sustainable development and there has only recently developed an increased awareness of the importance of these linkages. The international community should strive for the broadest possible international coordination of environmental and trade policies through intergovernmental cooperation. Such cooperation should ensure transparency and coherence in making environmental and trade policies mutually supportive.

(b) An open, equitable, secure, non-discriminatory and predictable multilateral trading system that is consistent with the goals of sustainable development and leads to the optimal distribution of global production in accordance with comparative advantage is of benefit to all trading partners. Moreover, improved market access for developing countries' exports in conjunction with sound macroeconomic and environmental policies would have a positive environmental impact and therefore make an important contribution towards sustainable development.

(c) The successful conclusion of the Uruguay Round has the potential to contribute, through trade liberalization and clear-cut and effective multilateral rules and disciplines, to a more efficient allocation of national resources, thus encouraging sound economic growth, and thereby creating more resources for improving national environmental standards and minimizing waste and pollution.

(d) Environmental problems should so far as possible be resolved through appropriate macro-economic and environmental policies, rather than trade restrictions. In this respect, the importance of the unsustainable patterns of production and consumption, particularly in the industrialized countries, was emphasised, as was the link between poverty and environmental degradation and between the latter and access to less-polluting technologies. The efforts of individual countries to promote the internalization of externalities should be encouraged and given wide international support. The ability of developing countries to do so will, however, be strongly influenced by the conditions under which they are able to export their products.

(e) Countries should seek to avoid the use of trade restrictions or distortions as a means to offset differences in cost arising from differences in environmental standards and regulations, since their application could lead to trade distortions and increase protectionist tendencies.

(f) As regards product standards, a balance should be struck between the advantages of harmonization, from a trade and transparency point of view, and the advantages, from the point of view of sustainable development, of allowing for differences in national standards. With respect to processes, strict process standards may have positive benefits for sustainable development by removing some of the hidden costs of environmentally unsound practices. The harmonization of process standards would not be required where the processes in question had no transborder or global environmental effects.

(g) Where harmonization is appropriate, standardization bodies such as the International Organization for Standardization (ISO) could provide useful forums in their areas of competence (e.g. eco-labelling, life-cycle analysis and eco-management). Where harmonization is inappropriate, mutual recognition of standards and/or the development of comparable standards could be considered.

3. The Board agreed that the following specific elements are of particular relevance for the further work of UNCTAD:

(a) UNCTAD's special role in the trade and environment field lies in policy analysis and debate, conceptual work, the building of consensus among member States on the interaction between environmental and trade policies, the dissemination of information to policy-makers and the encouragement and provision of assistance in capacity-building. Particular attention should be paid to the problems and special circumstances of the developing countries, including the least-developed among them. Attention should also be given to the countries in transition.

(b) Consumer preferences in many countries are turning towards "environmentally friendlier" products. Studies are required to assess, on the one hand, the economic costs associated with reducing the negative environmental effects of production processes and consumption, and on the other hand the market opportunities for exporters which may flow from the demand for such "friendly" products. The Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries will initiate such work at its forthcoming second session.

(c) Increased attention needs to be paid in UNCTAD to environmentally motivated policy instruments with a trade impact, such as those on packaging, labelling and recycling. To the greatest possible extent, the impact on trading partners, in particular exporters in developing countries and countries in transition, of such instruments should be considered at as early stages of their

development as possible; transparency is a key element in this regard.

(d) Eco-labelling programmes should, to the extent possible, take into account the trade and sustainable development interests of producing countries, particularly developing countries and countries in transition. International cooperation on, and further study of, such programmes is required.

(e) The effects of the OECD procedural guidelines on integrating trade and environment policies and its future work programme need to be studied. Interaction between UNCTAD and OECD, as well as other intergovernmental and regional organizations working in the field of trade and environment, such as GATT, should continue to be developed.

(f) Development aid, especially technical assistance, is vital for the generation of adequate capacity to deal with the important and growing range of problems in the trade and environment field. The UNCTAD secretariat's technical assistance activities are proving to be highly useful to governments in this regard and should be pursued. Donor countries, other countries in a position to do so, and relevant multilateral agencies are therefore invited to increase significantly the funds made available for technical assistance in the field of trade and environment, particularly for the least-developed countries.

(g) Countries which have not yet done so should make increased efforts to reply promptly and completely to the UNCTAD secretariat's questionnaire on environmental measures which may have an impact on trade.

4. The Board recommends that:

(a) the Trade and Development Board consider at the second part of its fortieth session the theme: "The effect of the internalization of external costs on sustainable development";

(b) without prejudice to subsequent decisions taken in the context of the review and evaluation of the work programmes of the intergovernmental machinery to be held in 1994, the Trade and Development Board consider at the first part of its forty-first session the theme: "The impact of environment-related policies on export competitiveness and market access".

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Item 5. Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes

Conclusions 408 (XL): Economic spaces and regional integration processes

1. In pursuance of the Cartagena Commitment, in particular paragraphs 63 (3) and 146, the Board undertook a substantive review of the evolution and consequences of emerging free trade and economic integration agreements. Discussions were based on the relevant secretariat report and presentations made by a group of high-level experts at an informal session.

2. The Board concluded that a broad convergence of views had emerged on the following elements:

(a) As regional dynamics become more and more a global phenomenon and integration groupings extend geographically and in substance, their new features are likely to have important implications for both participating countries and third countries, as well as for the multilateral trading system. At the same time, informal integration, which is business- and investment-led, has also made substantial progress.

(b) Strengthening of economic integration and global growth in trade have occurred in parallel and partly in interaction. In order to maintain the positive aspects of integration arrangements and assure the prevalence of their dynamic growth effects, member States and groupings should strive to be outward-oriented and supportive of the multilateral trading system. In devising their policies, integration groupings should observe multilateral disciplines and rules, ensure transparency of their rules, regulations and standards, and take account of the effects on third countries.

(c) In order to counteract potential risks of trade and investment diversion, intensification or extension of integration schemes should lead to further multilateral trade liberalization and global integration. A successful outcome of the Uruguay Round could alleviate certain concerns of third countries about integration schemes.

(d) Integration groupings should bear a special responsibility with regard to their implications for weaker trading partners, particularly developing countries. Countries within integration groupings should provide technical cooperation for identifying new opportunities for economic interaction with developing countries, familiarizing them with the rules, regulations and standards. They should encourage investment cooperation and the setting up of joint ventures between firms in their regions and in developing countries, and take any other measure which might help third countries to expand their trade and economic cooperation with groupings. In the course of accession of new member States to groupings, adverse

effects on liberal market access for developing countries should, to the extent possible, be avoided.

(e) The UNCTAD secretariat should, upon request, cooperate in such technical cooperation. It should continue to provide technical advice and analysis, training programmes and seminars on regional integration for participating and third countries, in order to facilitate information, dialogue and evaluation leading to better understanding of these schemes. The secretariat may seek active participation and support from the groupings concerned, their member States and UNDP for that purpose.

(f) While many developing countries have made major efforts to reform their integration groupings, the low levels of mutual trade and economic relations offer substantial scope for further expansion. Various bodies of UNCTAD, including the Standing Committee on Economic Cooperation among Developing Countries, should intensify, within their respective mandates, their work on concrete support measures for strengthening economic integration of developing countries, in response to the needs identified by specific groupings.

3. The Board recommends that:

When significant new developments occur in regional integration groupings, the secretariat should provide new information, within UNCTAD's mandate, on the implications for other countries of such developments, to be presented to the Trade and Development Board for an appropriate discussion.

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B. Other action

Item 6. Developments and issues in the Uruguay Round of particular concern to developing countries

At its 832nd (closing) meeting, on 1 October 1993, the Trade and Development Board took note of the following statement made by the President on agenda item 6:

Statement by the President

1. The Board conducted a high-quality discussion on developments and issues in the Uruguay Round of particular concern to developing countries, which was enriched by a presentation made by Mr. A. Hoda, Deputy Director-General of GATT on behalf of the Director-General of GATT, in the informal segment of the plenary meeting. The note on this matter prepared by the UNCTAD secretariat

(TD/B/40(1)/CRP.1) was appreciated and provided a useful background to this agenda item.

2. It was widely felt that prospects for a successful conclusion of the Uruguay Round had brightened, although the most sensitive issues remained to be solved in order to achieve a balanced and comprehensive package of results. The successful conclusion of the Uruguay Round was the only way to strengthen the international trading system on the basis of clearer and more comprehensive multilateral rules and disciplines, and thus to generate greater confidence leading to a dynamization of the world economy. This would require persistent efforts and political will from all participants, and especially from major trading entities.

3. A balanced outcome of the Uruguay Round would also require that the trade, financial and development needs of developing countries, especially those of the least developed countries, be taken into account, and that special efforts be made in the market access negotiations resulting in satisfactory improvements for products of export interest to developing countries.

4. It was also stressed that the evaluation of the results of the Uruguay Round in terms of differential and more favourable treatment for the developing countries, in accordance with section G, Part I, of the Punta del Este Declaration, should be undertaken well in advance so as to provide sufficient time for possible corrective measures. Some delegations pointed out that, prior to such evaluation, individual developing countries would be conducting their own assessment of the Round's potential results taking into account the useful criteria outlined in the note submitted by the secretariat, and that UNCTAD's technical assistance would be needed in this regard.

5. It was also emphasized by several delegations that the apparent resurgence of protectionist philosophies based on a mistaken notion of "unfair competition" caused particular concern and served as a reminder of the unpredictable consequences that would ensue from a failure of the Uruguay Round.

6. It was recognized that UNCTAD had an important role to play in considering developments in the Uruguay Round, as well as in the analysis and assessment of its outcome, particularly by providing technical assistance to developing countries.

Item 7. Specific action related to the particular needs and problems of land-locked developing countries

1. At its 832nd (closing) meeting, on 1 October 1993, the Trade and Development Board endorsed the recommendations of Sessional Committee II in paragraph 31 of TD/B/40(1)/SC.2/L.1 and thereby

(a) took note of the Report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions (TD/B/40(1)/2-TD/B/LDC/AC.1/4) and endorsed the Meeting's conclusions and recommendations;

(b) took note of the report on the results of the specific studies on transit issues, prepared by the UNCTAD secretariat (TD/B/40(1)/4);

(c) took note of the report on the contributions by Governments, international and intergovernmental organizations and non-governmental bodies (TD/B/40(1)/5 and Add.1);

(d) decided to forward the above documentation to the United Nations General Assembly, together with the comments of the Board, for appropriate action.

2. The Board also took note of the related statement of financial implications in TD/B/40(1)/L.4 and decided that it should be annexed to the Board's report to the General Assembly. [2/]

Item 8. UNCTAD's assistance to the Palestinian people

1. At its 832nd (closing) meeting, on 1 October 1993, the Trade and Development Board took note of the report by the UNCTAD secretariat entitled "Developments in the economy of the occupied Palestinian territory" (TD/B/40(1)/8).

2. The Board further decided, in response to paragraph (c) of General Assembly decision 47/445, of 22 December 1992, to draw the attention of the Assembly to that part of its report which reflects the Board's discussions under this item. (For the discussion, see extract from the report of Sessional Committee II reproduced in annex IV below). [3/]

Item 9. Other matters in the field of trade and development:

(a) Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law

1. At its 832nd (closing) meeting, on 1 October 1993, the Trade and Development Board took note of the report of the United Nations Commission on International Trade Law on its twenty-sixth session (A/48/17), circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/40(1)/9).

2. The Board further noted that, under the provisions of General Assembly resolution 2205 (XXI), the comments made on the report would be transmitted to the General Assembly. [4/]

[2/] See annex III below. For the statements made in connection with the financial implications, see section III.M below.

[3/] For the statement made by the representative of Israel in connection with this action, see section II.A below.

[4/] For the statement by the representative of the United States of America on the UNCITRAL report, see section II.B below.

(b) Market-based mechanisms for the transfer of technology to developing countries

3. At its 828th meeting, on 21 September 1993, the Trade and Development Board decided to refer agenda item 9 (b) to the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer for further consideration.

II. STATEMENTS OF POSITION [5/]

A. Statement by Israel in connection with agenda item 8 on UNCTAD's assistance to the Palestinian people

1. The representative of **Israel** stated that his delegation had joined the consensus on the report of Sessional Committee II, including on the matter of action taken under agenda item 8. However, his delegation did not understand this summary, or the action taken under this item, to imply or to condone any change in the existing work programme of the Special Unit for Assistance to the Palestinian People, nor the authorization of any new initiative by the secretariat in this regard.

B. Statement by the United States of America in connection with the report of the United Nations Commission on International Trade Law (agenda item 9 (a))

1. The representative of the **United States of America** said that his Government fully supported the work of the United Nations Commission on International Trade Law (UNCITRAL). In particular, as the report on the twenty-sixth session noted, the United States commended the Commission's completion at its Plenary Session of the UNCITRAL Model Law on Procurement of Goods. Capping a four-year effort, the Model Law reflected generally accepted principles for publicly funded government purchasing which were also consistent with existing GATT guidelines on procurement. These principles included: a structured administrative system for government-sector purchasing and contracting; transparency of laws and regulations; generally open bidding, including foreign bidding; and administrative or judicial remedies. The project involved participation by international lending agencies, including the World Bank. He was also pleased to note that, at its past Plenary Session, the Commission had agreed to a further one-year effort to complete an additional portion of the Model Law which would cover procurement of services.

2. One area in which the Commission was working, which had a direct bearing on work being done in UNCTAD, was the continuing work in a relatively new field of law - the preparation of a convention on international bank guarantees and standby letters of credit, and the preparation of international rules on electronic commerce. This tied in, of course, with the work which UNCTAD was doing in the Ad Hoc Working Group on Trade Efficiency, and would have significant world-wide impact. The legal issues surrounding rapidly changing technologies were important for all countries, and for the world of trade.

3. The United States Government was therefore pleased to receive this report of UNCITRAL's progress, and commended the work it was doing.

[5/] Statements made at the 832nd (closing) meeting, on 1 October 1993, in connection with agenda items 8 and 9 (a).

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The first part of the fortieth session of the Trade and Development Board was opened by **Mr. Gündüz Aktan** (Turkey), the President of the Board at its thirty-ninth session.

B. Election of officers

(Agenda item 1 (a))

2. At its 827th (opening) meeting, on 20 September 1993, the Board elected as President of its fortieth session, by acclamation, **Mr. Al Sherif Fawaz Sharaf** (Jordan) who, in accordance with the provisions of Board decision 338 (XXXIII), had been designated by the Board at its second (pre-sessional) executive session on 5 March 1993.

3. At the same meeting, the Board elected the other members of its Bureau in accordance with the nominations agreed upon at its fourth (pre-sessional) executive session on 13 September 1993. Accordingly, the elected Bureau was as follows:

President:	Mr. Al Sherif Fawaz Sharaf (Jordan)
Vice-Presidents:	Mr. A. Pinoargote Cevallos (Ecuador) Mr. Satish Chandra (India) Mr. Mohamed Ennaceur (Tunisia) Mr. Akio Ijuin (Japan) Mr. Richard A. Pierce (Jamaica) Mr. Clarke Rodgers Jr. (United States of America) Mr. Ali Ahmed Sahloul (Sudan) Mr. Yuri Afanasiev (Russian Federation) Mr. Jean de Schoutheete de Tervarent (Belgium) Mr. Zdenek Venera (Czech Republic).
Rapporteur:	Mr. Marcel Van der Kolk (Netherlands)

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

4. At the 827th (opening) meeting, the **President** stated that he had been requested by the President of the thirty-ninth session of the Board to reinscribe on the agenda of the current session two items which had initially been referred to the fourth (pre-sessional) session of the Board, namely item 11 (e) (transition to disarmament) and item 11 (h) (thirtieth anniversary of UNCTAD). He added that, as requested by the Board at the executive session, the President of the thirty-ninth session would report to the current session on the outcome of his consultations on these items.

5. Having agreed to the above proposals, the Board adopted the provisional agenda for the first part of its fortieth session in TD/B/40(1)/1 and Corr.1. (The agenda as adopted is reproduced in annex I below).

6. At the same meeting, the Board endorsed the proposals for the organization of work of the session contained in TD/B/40(1)/1/Add.1.

D. Establishment of sessional bodies

7. At its 827th meeting, the Board established two sessional committees of the whole, allocating agenda items to them for consideration and report as follows:

Sessional Committee I

UNCTAD's contribution, within its mandate, to sustainable development: trade and environment (item 4)

Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes (item 5)

Sessional Committee II

Debt issues in a development context, including the recent evolution of debt rescheduling (item 3)

Specific action related to the particular needs and problems of land-locked developing countries (item 7)

UNCTAD's assistance to the Palestinian people (item 8)

Sessional Committee I

8. At its 1st meeting, Sessional Committee I elected the following officers to serve on its Bureau:

Chairman:	Mr. Antti Hynninen (Finland)
Vice-Chairman-cum-Rapporteur:	Mr. Evgueni Manakine (Russian Federation)

9. At its 832nd (closing) meeting, on 1 October 1993, the Board took note of the report of Sessional Committee I (TD/B/40(1)/SC.1/L.1 and Add.1) and decided that it should form an integral part of the full report of the Board on the first part of its fortieth session.

Sessional Committee II

10. At its 1st meeting, Sessional Committee II elected the following officers to serve on its Bureau:

Chairman:	Mr. Leslie Gatan (Philippines)
Vice-Chairman-cum-Rapporteur:	Mr. Hermann Aschentrupp Toledo (Mexico)

11. At its 832nd meeting, the Board took note of the report of Sessional Committee II (TD/B/40(1)/SC.2/L.1 and Add. 1-4) and decided that it should form an integral part of the full report of the Board on the first part of its fortieth session.

12. At the same meeting, the Board decided, in response to paragraph (c) of General Assembly decision 47/445, of 22 December 1992, to draw the attention of the Assembly to that part of its report which reflected the Board's discussions under agenda item 8 on assistance to the Palestinian people. (See annex IV below).

E. Adoption of the report on credentials

(Agenda item 1 (c))

13. At its 832nd (closing) meeting, on 1 October 1993, the Board adopted the report submitted by the Bureau on the credentials of the representatives attending the first part of the fortieth session (TD/B/40(1)/13).

F. Provisional agenda for the second part of the fortieth session of the Board

(Agenda item 1 (d))

14. The Secretary-General of UNCTAD introduced the draft provisional agenda for the second part of the fortieth session (TD/B/40(1)/L.6) and drew attention to two understandings which had emerged from informal consultations, as follows: (1) with regard to item 6 ("UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: investment promotion, foreign direct investment, transfer of technology"), instead of adding an additional topic on "the role of interregional cooperation among developing countries in contributing to the United Nations New Agenda for African Development", that topic would be referred to the Standing Committee on Economic Cooperation among Developing Countries; and (2) the retention of item 11 (f) ("Status of the European Community in the Special Committee on Preferences") was contingent on the delegation which had proposed the item submitting, in due course, an explanatory memorandum in accordance with the rules of procedure.

Action by the Board

15. At its 832nd (closing) meeting, on 1 October 1993, the Board approved the provisional agenda for the second part of its fortieth session (TD/B/40(1)/L.6), having taken note of the related understandings.

16. In accordance with past practice, the Board authorized the Secretary-General of UNCTAD, in consultation with the President, to adjust and complete the provisional agenda in the light of developments. This arrangement was on the understanding that any amendments or additions would be subject to consultations with representatives of States members of the Bureau and interested delegations within the framework of the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.

G. Provisional agenda for the pre-sessional executive session of the Board

(Agenda item 1 (e))

17. At its 832nd (closing) meeting, on 1 October 1993, the Board requested the Secretary-General of UNCTAD to draw up a draft provisional agenda for the pre-sessional executive session in the light of developments, nearer to the time of the executive session, and to submit it for approval to the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.

H. Approval of the terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament

(Agenda item 11 (e))

18. The President of the Trade and Development Board at its thirty-ninth session, reporting on the outcome of the consultations which he had been mandated to hold on this item by the Board at its fourth (pre-sessional) executive session, stated that, after a frank and useful discussion, it had been agreed to establish an open-ended Drafting Group to work on the basis of the secretariat document TD/B/40(1)/Misc.1. The Drafting Group met on 30 September 1993 and had finished the first reading of the secretariat draft. A number of delegations had made some amendments which would be taken into account by the secretariat in the preparation of a revised draft. In his judgement, the Group was not far from reaching a consensus and he recommended to the Board to continue consultations as soon as possible in order not to lose the momentum and to reach an agreement by the end of October 1993.

Action by the Board

19. At its 832nd (closing) meeting, on 1 October 1993, the Board took note that further consultations were required on this item and accordingly requested the President of the thirty-ninth session to continue his mandate and to report to the Board at its next executive session.

I. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(Agenda item 11 (f))

20. At its 828th meeting, on 21 September 1993, the Board took note that there were no applications for status from intergovernmental bodies before the Board at the first part of its fortieth session.

J. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(Agenda item 11 (g))

21. Having been informed that the Bureau had concurred with the recommendations of the Secretary-General of UNCTAD (set out in TD/B/40(1)/R.1), the Board, at its 828th meeting, decided to designate and classify six non-governmental organizations for the purposes of rule 77 of the rules of procedure and in accordance with paragraph 12 (a) and (b) of Board decision 43 (VII), as follows:

General Category: Third World Network (TWN)(TD/B/40(1)/R.1/Add.2); Latin American and Caribbean Free Zone Association (AZOLCA)(TD/B/40(1)/R.1/Add.3).

Special Category: Environmental Development Action in the Third World (ENDA)(TD/B/40(1)/R.1/Add.1) - Standing Committee on Commodities; Standing Committee on Poverty Alleviation; Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer. Ibero-American Institute of Maritime Law (IIDM)(TD/B/40(1)/R.1/Add.4) - Standing Committee on Developing Services Sectors. EDI World Institute (TD/B/40(1)/R.1/Add.5) - Standing Committee on Developing Services Sectors; Ad Hoc Working Group on Trade Efficiency. Public Services International (PSI) (TD/B/40(1)/R.1/Add.6) - Ad Hoc Working Group on Comparative Experiences with Privatization.

22. The Board was informed that the above documents had been derestricted.

23. The Board further took note that, following consultations with the member State concerned (Ecuador), the Secretary-General of UNCTAD had included the Corporation for Development Studies (CORDES) in the Register of national non-governmental organizations provided for under Board decision 43 (VII), Section III. Information concerning this organization was before the Board in TD/B/40(1)/L.2.

24. Finally, the Board took note that the Federation of Western European Rope and Twine Industries (EUROCORD), which had been granted Special Category status at the first part of the twenty-fourth session of the Board, had changed its name to Federation of European Rope and Twine Industries, but had retained the acronym "EUROCORD".

K. Preparations for the thirtieth anniversary of UNCTAD in 1994

(Agenda item 11 (h))

25. Reporting on the outcome of the consultations which he had been mandated to hold on this item by the Board at its fourth (pre-sessional) executive session, the President of the Trade and Development Board at its thirty-ninth session said that informal consultations had been conducted with member States on three occasions in connection with arrangements to be undertaken for the celebration of the thirtieth anniversary of UNCTAD in 1994. The secretariat had prepared document TD/B/EX(2)/INF.2, containing proposals for the consideration of delegations.

26. A broad consensus had emerged on the programme and in particular on the implementation of the activities described in paragraph 5 of TD/B/EX(2)/INF.2 so long as they did not have any additional financial implication.

27. It had been generally agreed that two full days should be devoted during the Autumn session of the Board in 1994 to the celebration of the event as a high-level meeting, reducing thereby the length of that session by two days in order to accommodate the event.

28. It had also been agreed that the output of these celebrations should serve as an input for the preparation of the fiftieth anniversary of the United Nations in 1995.

29. The offer received from the Government of Switzerland to host and finance the proposed seminar/symposium had been warmly welcomed. The theme to be addressed by eminent panellists would need to be further discussed. It was generally agreed that it should be forward looking.

30. Support had also been expressed for the suggestion to use the occasion of the United Nations International Symposium on Trade Efficiency, to be held in Columbus, Ohio, in 1994, to mark the celebration of the thirtieth anniversary.

31. The proposal to hold regional seminars had been welcomed. The UNCTAD secretariat was requested to initiate contacts with regional commissions and regional development banks with a view to organizing such seminars and to look into the financial resources required. The regional seminars should be attended by governments, eminent regional academicians, the private sector and NGOs.

32. The suggestion made by the secretariat to prepare a film in coproduction with the UNDP/AZIMUTHS programme was considered by a number of delegations to be a very interesting one. It had been agreed, however, that, in view of the financial implications involved, the preparation of such film could only be envisaged if individual governments stood ready to finance it on the basis of voluntary contributions. Such contributions would be welcomed. Furthermore, a suggestion had been made to look into other financing possibilities such as sponsorship.

33. The delegation of Chile had suggested the inclusion in the programme of an international competition to be launched among universities throughout the world on a theme in relation to UNCTAD. The prize - to be called UNCTAD 30 - would be awarded to the winner on the occasion of the autumn celebrations of the Board. The UNCTAD secretariat was requested to look into this question on the basis of its experience in this field, as well as the feasibility of organizing such a competition and the financial implications thereof.

Action by the Board

34. At its 832nd (closing) meeting, on 1 October 1993, the Board expressed appreciation for the progress made, and mandated the President of the thirty-ninth session to continue with the task of coordination of arrangements for activities related to the celebration of the thirtieth anniversary of UNCTAD and to pursue further consultations with the secretariat and with interested delegations, with a view to presenting an up-dated progress report to the Board at its pre-sessional executive session in Spring 1994.

L. Review of the calendar of meetings

(Agenda item 11 (i))

35. The representative of the UNCTAD secretariat introduced the revised draft calendar in TD/B/40(1)/L.3 and recalled that the Bureau of the Board had agreed that, in the light of the reduced conference-servicing capacity, the following two meetings should be postponed to a later date: Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, second session (originally scheduled to be held 4 to 8 October 1993); and Standing Committee on Developing Services Sectors, second session (originally scheduled for 11 to 15 October 1993). At its meeting on 28 September 1993, the Group on Calendar Matters had agreed, regretfully, that these postponements were unavoidable.

Action by the Board

36. At its 832nd (closing) meeting, on 1 October 1993, the Board approved the revised calendar of meetings for the remainder of 1993 and took note, for planning purposes, of the draft calendar of meetings for 1994 and the draft indicative calendar of meetings for 1995, as reflected in TD/B/40(1)/L.3. [1]

37. The Board also authorized the Group on Calendar Matters to recommend any necessary adjustments in the light of developments, on the understanding that any such adjustments would be referred for approval to the consultative machinery established under paragraph 83 of the Cartagena Commitment.

M. Administrative and financial implications of the actions of the Board

(Agenda item 11 (j))

38. The President drew attention to document TD/B/40(1)/L.4, containing a statement of financial implications arising from the recommendations of Sessional Committee II on item 7 - "Specific action related to the particular needs and problems of land-locked developing countries".

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[1] For the revised calendar, as approved by the Board, see TD/B/40(1)/INF.1.

39. The representative of the **United States of America**, referring to paragraph 3 of the statement of financial implications, observed that that paragraph presented the Board with a basic option between the holding of regular regional symposia or the convening of a single global symposium in order to minimize costs. While he had no specific instructions on this point, his delegation was of the view that one global symposium to minimize costs would be a good recommendation. He added that, as a general rule, his delegation would expect that this worthwhile programme of symposia or a single symposium would be carried out within the current resources of the United Nations.

40. The **Secretary-General of UNCTAD** observed that the recommendation to hold a single symposium, to which the representative of the United States had drawn attention, had been made by the UNCTAD secretariat on the grounds that this option would be more economical and achieve the same impact. He felt that it would be helpful if the Board were to go on record as favouring the global symposium option. With regard to absorbing the costs from within the totality of the resources available to the United Nations, that was a matter on which the relevant intergovernmental bodies in New York would pronounce themselves when the statement of financial implications was submitted to them.

41. The representative of **Japan** said that his delegation shared the view expressed by the United States that the Board should keep in mind the need to minimize the costs of holding the proposed symposium, and that it would be desirable to finance the symposium from within the existing resources of the United Nations.

42. The representative of the **Russian Federation** expressed his delegation's appreciation to the Secretary-General of UNCTAD for the clarification he had given. His delegation could support the statement of financial implications on the understanding that there would be only one global symposium and that it would be financed from existing United Nations resources.

43. The representative of **Belgium**, speaking on behalf of the **European Community and its member States**, expressed the Community's support for the view expressed on the financial implications: they were the very essence of logic.

Action by the Board

44. At its 832nd (closing) meeting, on 1 October 1993, the Board took note of the statement of financial implications in TD/B/40(1)/L.4, and decided that it should be annexed to the Board's report to the General Assembly. [1/]

45. The Board noted moreover that there were no other additional financial implications arising from the action taken by the Board at the first part of its fortieth session.

N. Adoption of the report of the Board

(Agenda item 13)

46. At its 827th (opening) meeting, the Trade and Development Board decided, in the light of the statement made by the Rapporteur, to simplify the clearance procedure in the preparation of the draft reports of the Board and of its subsidiary bodies. Henceforth, requests for amendments to the draft report would be submitted to the Rapporteur or to the secretariat after the close of the session. Amendments would be communicated in one of the working languages of the Geneva Office secretariat - i.e. in English or French - for inclusion in all language versions of the final report.

[1/] See annex III below.

47. At its 832nd (closing) meeting, on 1 October 1993, the Board adopted the draft report on the first part of its fortieth session (TD/B/40(1)/L.1 and Add.1-5) and authorized the Rapporteur to complete the final report with the proceedings of the closing plenary meeting and to incorporate any amendments submitted by delegations. The Board further authorized the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

Annex I

AGENDA FOR THE FIRST PART OF THE FORTIETH SESSION OF THE TRADE AND DEVELOPMENT BOARD */

1. Procedural matters:

   (a) Election of officers

   (b) Adoption of the agenda and organization of the work of the session

   (c) Adoption of the report on credentials

   (d) Provisional agenda for the second part of the fortieth session of the Board.

   (e) Provisional agenda for the pre-sessional executive session of the Board (March 1994)

2. International implications of macro-economic policies and issues concerning interdependence: growth dynamics in the context of global interdependence

3. Debt issues in a development context, including the recent evolution of debt rescheduling

4. UNCTAD's contribution, within its mandate, to sustainable development: trade and environment

5. Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes

6. Developments and issues in the Uruguay Round of particular concern to developing countries

7. Specific action related to the particular needs and problems of land-locked developing countries

8. UNCTAD's assistance to the Palestinian people

9. Other matters in the field of trade and development:

   (a) Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law

   (b) Market-based mechanisms for the transfer of technology to developing countries

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*/ Adopted by the Board at its 827th (opening) meeting, on 20 September 1993.

10.* Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies

11. Institutional, organizational, administrative and related matters:

(a)* Treatment of new States members of UNCTAD

(b)* Membership of the Trade and Development Board

(c)* Membership of the Standing Committees and Ad Hoc Working Groups

(d)* Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1994

(e)* Approval of the terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament

(f) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(g) Designation and classification of non-governmental organizations for the purposed of rule 77 of the rules of procedure of the Board

(h)* Preparations for the thirtieth anniversary of UNCTAD in 1994

(i) Review of the calendar of meetings

(j) Administrative and financial implications of the actions of the Board

12. Other business

13. Adoption of the report of the Board.

Note: An asterisk indicates that the item was allocated to the fourth (pre-sessional) executive session of the Board. In accordance with the decision taken by the Board at its 827th (opening) meeting, on 20 September 1993, items 11 (e) and 11 (h) were reinscribed on the agenda for the first part of the fortieth session of the Board.

Annex II

PROVISIONAL AGENDA FOR THE SECOND PART OF THE FORTIETH SESSION OF THE BOARD a/

1. Procedural matters:

   (a) Adoption of the agenda and organization of the work of the session;

   (b) Adoption of the report on credentials;

   (c) Provisional agenda for the first part of the forty-first session of the Board;

   (d) Provisional agenda for the pre-sessional executive session of the Board in September 1994;

   (e) Designation of the President of the forty-first session of the Board

2. Trade policies, structural adjustment and economic reform:

   Increased participation in international trade in goods and services by developing countries and economies in transition: some problems and opportunities

3. Developments and issues in the Uruguay Round of particular concern to developing countries

4. Sustainable development:

   The effect of internalization of external costs on sustainable development

5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s:

   Investment promotion, foreign direct investment, transfer of technology

7. Review and evaluation of work programmes (mid-term) b/

8. Other matters in the field of trade and development

   [to be completed in the light of developments]

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a/ Approved by the Board at its 832nd (closing) meeting, on 1 October 1993 (cf. section III.F above)

b/ Item to be taken up at the resumed second part of the fortieth session of the Board (25-27 May 1994)

9. Reports and activities of the subsidiary bodies of the Board: matters requiring action

[to be completed in the light of developments]

10. Arrangements for the celebration of the thirtieth anniversary of UNCTAD

11. Institutional, organizational, administrative and related matters:

(a) Treatment of new States members of UNCTAD for purposes of elections;

(b) Membership of the Trade and Development Board;

(c) Membership of the Standing Committees and Ad Hoc Working Groups;

(d) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(e) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

(f) Status of the European Community in the Special Committee on Preferences;

(g) Review of the calendar of meetings;

(h) Administrative and financial implications of the actions of the Board

12. Other business

13. Adoption of the report of the Board.

Annex III

ADMINISTRATIVE AND FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE BOARD

Statement of financial implications in connection with agenda item 7 */

1. After its consideration of agenda item 7, "Specific action related to the particular needs and problems of land-locked developing countries", Sessional Committee II requested the Board to endorse the agreed conclusions and recommendations contained in annex I of the Report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions held in United Nations Headquarters, New York, from 17 to 19 May 1993. (The report is contained in TD/B/40(1)/2 - TD/B/LDC/AC.1/4).

2. On the assumption that the meeting of governmental experts will be held in New York for a duration of five days, the financial implications of the action referred to in paragraph 21 (i) of the agreed conclusions and recommendations would amount to $208,000.

3. Paragraph 21 (ii) of the agreed conclusions and recommendations calls for the holding of regular regional symposia. The Board might, however, wish to recommend a single global symposium in order to minimize costs. On this assumption the costs involved are estimated at $260,000.

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*/ In connection with this statement of financial implications, see also section III.M above.

Annex IV

DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD ON AGENDA ITEM 8 ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE */

1. For its consideration of this item, the Board had before it the following documentation:

"Developments in the economy of the occupied Palestinian territory: Report by the UNCTAD secretariat" (TD/B/40(1)/8).

Consideration in Sessional Committee II

2. The **Chief of the Special Economic Unit**, introducing the item, said that the Board's deliberations on this question had acquired special significance in the light of the momentous developments of the past weeks, which the world had witnessed with pleasant surprise and welcomed with great hope. The mutual recognition between Israel and Palestine and the signing of the Declaration of Principles on Palestinian Interim Self-Government Authority constituted milestones in the resolution of conflict between two peoples whose sufferings had preoccupied the United Nations since its inception, and they laid down the foundation for a comprehensive and durable peace. The Declaration of Principles provided the framework for the Palestinian Interim Authority to mobilize efforts towards the revival and reconstruction of the Palestinian economy in the coming years. Such efforts, encouraged and supported by sustained bilateral and multilateral assistance, could pave the way for broader and more ambitious schemes for regional cooperation on an equitable basis.

3. The UNCTAD secretariat's report on recent developments in the Palestinian economy had been prepared in line with the provisions of Conference resolution 146 (VI) and did not reflect, in view of document reproduction deadlines, the most recent development, which constituted a major transformation in the policy environment affecting the Palestinian economy. It was expected that a number of chronic problems confronting the Palestinian economy would now give way to feasible and satisfactory solutions in the years to come. To this effect, the report provided accurate and timely information on the situation of the Palestinian economy. He highlighted the main findings of the report, with special reference to Gaza Strip, dealing with employment, sectoral performance and macro-economic indicators, as well as environmental problems affecting the Palestinian economy. In accordance with the provisions of the Declaration of Principles, much of the crucial task of policy reform in these and other areas and the promotion of economic and social development was expected to be shifted to the Palestinian Interim Authority. In this, the moral and material support and cooperation of the international community as a whole was urgently needed.

4. He focused attention on some of the areas which the incipient Palestinian self-governing authority would have to deal with urgently and which would also enable UNCTAD to examine the possibilities for extending further assistance to the Palestinian people, within the context of its mandate and areas of competence.

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*/ Included in the report of the Trade and Development Board to the General Assembly in response to the decision taken by the Board at its 832nd (closing) meeting, on 1 October 1993. (cf. section I, item 8 above).

5. One priority area for urgent action and intensified assistance involved steering Gaza Strip away from the increasingly critical economic and social conditions. Immediate job-creation schemes, infrastructural facilities, enhanced human resource development and social services were all key areas for such action. Other areas that required immediate action and support included: the establishment of an efficient and effective public administration system; mobilization of domestic and external resources and their effective allocation for the revival and sustained development of the economic and social sectors; coordination between donors and more sensitive prioritization of aid and inter-agency coordination, including the establishment of an emergency fund or development finance institutions; promotion of entrepreneurial initiatives; comprehensive reform of the financial sector, including the establishment of specialized development finance institutions to cater to the needs of agriculture, industry, housing, trade and tourism; reform of the tax system; mutually beneficial trade arrangements; development of the tourist sector; rehabilitation and construction of physical infrastructures, including housing, transport and communication, land reclamation, water conservation, public utilities and human resource development; and protection of the environment.

6. The findings emerging from the UNCTAD intersectoral study on prospects for the Palestinian economy, with regard to both immediate action and longer-term prospects, would provide useful substantive background for programmes of assistance to be developed by various donors in support of the efforts of the Palestinian people, in the Palestinian territory as a whole and Gaza Strip in particular.

7. The secretariat looked forward to intensified and constructive cooperation with all interested parties in this regard. He particularly addressed himself to the Israeli and Palestinian authorities, expressing UNCTAD's readiness to further contribute, within the context of its mandate and competence, to the revival and reconstruction of the Palestinian economy, thus helping to lay the foundation of a durable peace.

8. The representative of **Palestine** said that the report prepared by the UNCTAD secretariat was comprehensive and objective in its treatment of developments in the Palestinian economy, the obstacles facing it as a result of Israeli occupation and the ways of removing these obstacles and improving the living conditions of the Palestinian people. He thanked the secretariat and the Special Economic Unit for their valuable efforts in this respect.

9. The world had witnessed the start of a decisive transformation in the conditions of the region thanks to the signing of the common Declaration of Principles on the transitional phase for the Palestinian territories occupied by Israel, preceded by mutual recognition between the Palestine Liberation Organization and Israel. This had ushered in a new era based on coexistence instead of war and conflict, and the recognition by each party of the rights of the other. This constituted an encouraging first step towards achieving a just peace with the Palestinian people exercising their national rights, in particular the right to self determination and the creation of their independent state on their national territory.

10. This agreement was an interim agreement to be followed by a definitive phase in which a just and lasting peace would be reached in the Middle East. The interim period was only intended to terminate Israeli occupation in some populated areas. Accordingly, the work of the United Nations and its agencies over the past years relating to the Palestinian people and occupied Palestinian territories would have to continue until the end of the occupation and the liberation of Palestinian territory. The United Nations must continue to assume its responsibilities with regard to the question of Palestine and make an active contribution in the transitional phase in all areas to meet the needs of the Palestinian people in such areas as building their national authority, holding elections and other aspects of the long-standing responsibility of the

United Nations towards the question of Palestine, until such time as the Palestinian people secured all their rights in their territory.

11. The main challenge confronting the Palestinian people was to undertake the process of social and economic development after many years of suffering. He hoped that the international community, with the United Nations at the forefront, would play an important role in responding to the basic needs of the Palestinian people at this crucial stage. This would have to include full coordination between the agencies of the United Nations, and participation by different States in building the necessary infrastructure and in developing the Palestinian economy, as well as relieving Palestinian society of the consequences of decades of suffering under occupation. Thus, there was an increased and more significant responsibility for the Special Economic Unit and UNCTAD as a whole in providing assistance to the Palestinian people.

12. In conclusion, he stated that implementation of transitional autonomy was about to begin, leading to a final stage concerning the final status of the occupied territories and withdrawal of Israeli forces from all occupied territories in accordance with Security Council resolution 242, which all parties considered as the basis for negotiations. The Palestine Liberation Organization, which had enabled the peace negotiations to begin and to continue and which had signed the Declaration of Principles on Interim Self-Government Arrangements in Washington, was committed to protecting the peace process and ensuring its success at all stages. It was equally concerned with promoting and consolidating Palestinian society in all its aspects as essential preconditions for achieving a just peace in the region and the world.

13. The representative of the **Syrian Arab Republic** thanked the Special Economic Unit for the information contained in the secretariat report, which exposed the realities of the deteriorating social and economic situation in the occupied Palestinian territories, as well as obstacles placed by the Israeli occupation authorities in the path of the development of an independent economy by the Palestinian people. He supported the conclusions of the report, especially regarding the need for intensified international efforts and effective assistance, in coordination with the Palestinian people, to prevent further deterioration in the occupied Palestinian territory and to revive the Palestinian economy and lay a sound basis for its future development.

14. He noted the importance of the role of UNCTAD as regards its activities in support of the efforts of the Palestinian people and expressed appreciation for the role of the Special Economic Unit and the studies it had prepared. He supported intensification of the Unit's activities, which could make a positive contribution in the future in response to the needs of the Palestinian people. This would in the end enable the latter to exercise full sovereignty over their land and resources and to build a prosperous and advanced economy.

15. The spokesman for the **Asian Group** (Malaysia) said that a new era had dawned in Palestine with the signing of the historic peace accord for limited Palestinian autonomy in the Gaza Strip and the West Bank town of Jericho. The international community was hopeful that the accord would set the stage for full reconciliation in the Middle East through the achievement of a just, comprehensive and lasting peace between the Arab States, the Palestinians and Israel.

16. Developments in the Palestinian economy during the period under review reflected continued deterioration in the economic and social situation. Restrictive measures had constrained the efforts of the Palestinian people to create an independent economy along with its requisite institutional framework. The international community, which had been conscious of the need for urgent intervention to aid the ailing Palestinian economic and social sectors, should now seize the opportunity that lay before it. In this context, the United Nations had a major role to play. The initiative taken by the Secretary-General of the United Nations to set up a task force aimed at coordinating assistance

to the Palestinian people, as well as the pledges of financial support made by developed countries, were welcomed. He hoped that there would be extensive international participation in the economic and social development of the Palestinian territory, which had long languished on account of international neglect.

17. The Asian Group envisaged UNCTAD as an active partner in the overall effort of the United Nations to enable the embryonic entity to revive its economy. In this regard, the findings of the secretariat reports of the past eight years on the issue should be consolidated to provide a comprehensive picture for action by UNCTAD in all areas of its competence.

18. The representative of **Belgium**, speaking on behalf of the **European Community and its Member States**, referred to the historic accord between Israel and the PLO and paid tribute to the foresight and courage of Israeli and Palestinian leaders, who, in signing this accord, were moving in a very decisive manner towards peace. He reaffirmed the commitment of the European Community and its Member States to a comprehensive peace and hoped that progress would be made in the framework of other bilateral and multilateral negotiations on future cooperation. The European Community and its Member States would continue to support and participate in international arrangements which would emerge with regard to the accord.

19. The European Community and its Member states already constituted the largest single donor to the occupied territory, and they intended to remain a large donor. Thus, the European Community planned to provide an aid package of 20 million ECU immediately, and much more substantial medium-term assistance would be discussed as soon as the Palestinian institutions were in place. As Chair of the multilateral working group on regional economic development, the European Community and its Member States were ready to contribute to forms of regional economic cooperation. He concluded by stating that the European Community and its Member States wished to take an active part in discussions about the role that the United Nations, including UNCTAD, could play in favour of the Palestinian people in the light of the recent events.

20. The representative of the **United States of America** said that the subject at hand was an extremely important one which the world was watching very closely. The signing of an agreement between Israel and the PLO was a victory for peace, a triumph which belonged to the Israeli and Palestinian peoples, who had reached out to each other. The task of the international community was to breathe life into the Israeli-Palestinian Declaration, and economic assistance was crucial.

21. As a first step, the United States planned to convene a conference in October to explore how the international community could best support implementation of the Israel-Palestinian agreement on interim self-government arrangements. Foreign and finance ministers from the major regional countries, as well as from potential donor countries, would be invited to discuss means of mobilising resources. World Bank and United Nations representatives would also be included in this discussion. The World Bank was expected to play a major coordinating role in this effort. The United States expected to assemble an initial two-year aid package worth $250 million. In addition, a task force of Jewish and Arab Americans would be appointed to help develop joint projects to spur private investment in the region.

22. He concluded by stating that a coordinated international effort would be required. Obviously, many donors and many institutions would play key roles. He believed that existing institutions and capabilities should be utilised to the extent possible and to avoid duplication. At this point, it was perhaps premature to discuss any specific role for UNCTAD in this effort, but he very much looked forward to the consultations and meetings that would take place in the weeks and months ahead.

23. The representative of **Pakistan** thanked the UNCTAD secretariat for its report on assistance to the Palestinian people, which he fully supported. He was concerned that, despite the deteriorating conditions, the Israeli authorities had continued their efforts to increase tax revenue from the Palestinian population, while the sealing of borders had halted the movement of people and goods. Conditions in the Gaza Strip in particular were alarming, and urgent steps were needed to improve the situation there.

24. He agreed with other countries in the Asian Group who wished to see UNCTAD play an important and active role in United Nations efforts to enable the Palestinian people to revive their economy. He concurred with the view of the Asian Group that the secretariat reports of the past eight years should be consolidated to identify the areas where assistance was most required in the occupied Palestinian territories.

25. The representative of the **Islamic Republic of Iran**, while supporting UNCTAD's assistance to the Palestinian people in their efforts to establish a sound economic base, disassociated his delegation from the statement made on behalf of the Asian Group pending instructions from his capital.

26. The representative of **China** expressed his appreciation for the secretariat report prepared under the item, as well as the introductory statement made by the representative of the secretariat. Only a week earlier, relations between the Palestine Liberation Organization and Israel had undergone an historic change with their official mutual recognition and the signing of the accords on Gaza-Jericho autonomy. He welcomed the initiation of the peace process and the positive actions taken by both the PLO and Israel. This agreement constituted a major step towards a comprehensive settlement of the question of Palestine, offering hope for peace and creating conditions for the economic and social development of the occupied Palestinian territory.

27. UNCTAD had undertaken much work over many years in preparing analyses and reports on the economic and social situation of the occupied territory. The new peace process would facilitate the work of UNCTAD in this field and generate new demands upon it. UNCTAD could provide further recommendations and technical assistance to the Palestinian people in their efforts to manage their own country, promote economic and social development and improve living standards. He hoped that UNCTAD would contribute to that goal.

28. The representative of **Israel** welcomed the general tenor of the remarks by the representative of the secretariat, which showed a marked departure from previous oral reports given by the secretariat. However, the secretariat report contained in document TD/B/40(1)/8 was not substantially different from its predecessors and was coloured by what had become a long tradition of political predisposition and one-sidedness. It pursued the long-term psychological goal of demonizing Israel and its policy in the territories. Its judgement was partisan and its treatment of statistical material questionable, incorrect or misleading.

29. Despite the encouraging remarks of the representative of the secretariat, the Special Unit appeared to have been left behind by events. The mutual recognition by Israel and the Palestinians was an event that most countries welcomed as heralding a true, qualitative change in the nature of the relations between the parties. Understandably, it had caught the Special Unit by surprise, though the peace process in the Middle East had been continuing for some time. The indifference shown by the Special Unit to the achievements of these talks was indicative of the peculiar perspectives which reigned in the Unit. It should not be forgotten that many of the peoples of the region concerned had even lower per capita incomes than the Palestinians. The involvement of these countries in planning a better future in which all would share was worthy of more than half a page in the report.

30. A further point of concern was the apparently unilateral decision by the Special Unit to engage on a separate study on the status of the environment in the territories. This had never been the subject of a request by the Board, no operative decision had ever been taken by the Board, and it was disingenuous to suggest that it had been. The subject was one on which UNCTAD had only recently embarked, and it was certainly not one in which the Special Unit could claim any competence. Indeed, the same work was apparently being undertaken by UNEP. Moreover, there was a clear contradiction here with the mandate of Cartagena. This digression by the Special Unit was both wasteful of human and financial resources and better dealt with by the bodies authorised and competent to do so.

31. In the new era of peace now dawning in the Middle East, there could no longer be any room for bodies which served a propagandistic purpose. The cultivation of peace, objective analysis and constructive reconciliation, rather than the promotion of a tendentious and politically motivated re-write of history, must now be the order of the day for the UNCTAD secretariat. The time had come for the Special Unit to ring down the curtain on its endeavours, to bow gracefully from the stage and to give way to the professional sectoral bodies whose task it would be to join in building the future.

32. He proposed that a special ad hoc committee be established, including Israel, the Palestinians, the sponsors of the peace process, intending major donors to the task of Middle East reconstruction and the secretariat. It should have as its task the navigation of a transition from the current outdated mandate and one-sided attitudes of the Special Unit to a new and balanced involvement of UNCTAD with all concerned parties, attempting to do constructive work in the field. In this context, he would welcome the cooperation and involvement of UNCTAD's specialised professional units in the massive task which lay ahead. The future economic and political health of the Palestinian body politic, as well as that of all its neighbours, required an accelerated rate of economic growth in the territories, the provision of infrastructure and the development of old and new sectors of production. To be successful, these developments would have to harmonise with projected trends both in the economy of Israel, which for the foreseeable future would remain the major economic partner of the Palestinians, and in the economies of Jordan, Egypt and other Arab States.

33. In conclusion, he stated that an historic and truly profound turning point had been reached in the Middle East. Courage, both personal and political, had been demonstrated by the leaders of Israel and the Palestinians. He called for an end to the anomalies which continued to characterise Israel's relations with UNCTAD. Could the United Nations and UNCTAD put the barren past behind them? Could they put partisan, regional politics aside and demonstrate that the United Nations was truly a world organization, able to play a part in the building of new edifices wherein all might dwell? In Washington the week before, a challenge had been thrown down to the international community. He awaited the response, not least that of UNCTAD, with hope and expectation.

34. The representative of the **Republic of Korea** said he supported the views stated by the Asian Group. He welcomed the signing of the mutual recognition and self-rule pact between Israel and the Palestine Liberation Organization. This development constituted a significant step along the road to peace in the Middle East and to international peace. This historic event had occurred as delegations were examining the secretariat report on assistance to the Palestinian people, which was very helpful in understanding the current situation. This debate represented an opportune juncture for a discussion on how the international community could assist the Palestinian people. Economic assistance plans for reconstruction of the self-ruled areas of the Gaza Strip and West Bank were being considered by several countries, including the United States, the European Community, Japan and the Nordic countries, and by international bodies such as GCC and IBRD. In concluding, he recalled his Government's previous grants of $1 million in scholarships for Palestinian students. He wished to record that his Government intended to participate

further in the provision of economic assistance to the region when requested, and it would be considering the best avenue for such assistance.

35. The representative of **Norway**, speaking on behalf of the **Nordic countries**, said that the discussion on this item was taking place in a totally new political environment. Israel and the PLO had recognised each other, and a Declaration of Principles had been signed recently in Washington. The international community now faced the challenge of improving its assistance to the Palestinian people and contributing to building peace. Achieving a comprehensive and lasting peace in the region was dependent upon economic development. Accordingly, economic assistance on a considerable scale was required within the context of a long-term commitment by the international community.

36. The economic situation in Gaza and the West Bank called for prompt and extensive aid from bilateral donors and multilateral institutions. The peace agreement also opened up possibilities for regional economic cooperation with a view to building common security and a common future. Notwithstanding the difficulties that the implementation of the agreement would face, it would provide opportunities to enhance confidence and extend cooperation.

37. She concluded that the broadest possible support and cooperation from the international community was required, with UNRWA and other United Nations organizations playing a key role. The specific role of each organization, including UNCTAD, had to be clarified in the light of future developments, though UNDP and the World Bank should be given a leading role in the coordination of international assistance. The Nordic countries, already providing major assistance to the Palestinian people, were ready to contribute fully to the forthcoming international effort to promote economic and social development in the region.

38. The spokesman for the **Latin American and Caribbean Group** (Nicaragua), referring to the historic agreement reached between Israel and the PLO only a few days before, said that his Group wished to express its appreciation for the efforts made by both parties in the search for lasting peace in the region. The report prepared by the UNCTAD secretariat would help determine the assistance which UNCTAD could give, within its terms of reference, to the Palestinian people, taking into account regional ties and the support of the international community. His Group wished to reaffirm its full support for all efforts of the United Nations to determine the role which the United Nations system, and UNCTAD in particular, could play to contribute to the development of the Palestinian people within the context of the prospects for peaceful coexistence between Israel and Palestine.

39. The representative of **Algeria** said that the discussion on this item was taking place within a positive context following the signing of the peace accord in Washington, which she welcomed. The peace process, which she hoped would be comprehensive, demanded long-term support by the international community. The role of UNCTAD in this respect in the past had been useful and valuable, through the preparation of annual reports on the deteriorating economic situation in the occupied territories. She believed that UNCTAD's work should be taken into consideration, especially the intersectoral study being carried out by the Special Economic Unit, which covered 23 social and economic sectors that could benefit from international technical cooperation efforts. She believed that this study could be very useful and that the role of UNCTAD should thus be strengthened in the context of the activities of the organizations of the United Nations system which would now be entrusted with an active role in the reinforcement of the peace process.

40. The **Secretary-General of UNCTAD** expressed appreciation for the pledges of support that many delegations had made in the course of the Committee's discussion for the efforts of the Palestinian people in the arduous task of economic and social reconstruction and development. It was also gratifying to

note that delegations had also stressed the contribution that UNCTAD could make to this endeavour.

41. With regard to the statement by Israel, a number of points required comment. The representative of Israel had said that the report before the Committee "... continued to be coloured by what had become a long tradition of political predisposition and onesidedness...". It was, of course, the prerogative of delegations to express judgement on the work of the secretariat, and it was the duty of the secretariat to take such judgement into account, but in subsequent remarks, the representative of Israel had seemed to suggest that this judgement was based on alleged indifference on the part of the secretariat to the achievements of the talks between Israel and the Palestinians. The secretariat's report had been prepared months before the vast majority of countries - not just the UNCTAD secretariat - became aware of the new developments, and the outcome could not possibly have been anticipated by parties who knew nothing about the talks.

42. The representative of Israel had also spoken of the "...apparently unilateral decision of the Special Economic Unit to engage on a separate study on the status of the environment in the territory, which was never the subject of a request by the Board...". However, he had previously, on an informal basis, explained to the representative of Israel the rationale for the action of the secretariat. In particular, requests had been made by delegations at the thirty-ninth session of the Trade and Development Board for proper account to be taken of the environmental situation in the work of the Unit. In considering the matter, the secretariat had been guided by the resolution adopted by the General Assembly concerning the intersectoral project on the occupied territory, which referred specifically to human settlements and the living conditions of the Palestinian people. The secretariat's conclusion had been that it had no alternative but to examine relevant issues concerning the environmental situation, in line with the emphasis placed by UNCED on the integrality of environmental protection to the development process. The representative of Israel had also been informed that, should delegations so wish, the secretariat would be prepared to delete the environmental dimension from the intersectoral project. He trusted that delegations would agree that, if such collective guidance was not forthcoming, the secretariat must exercise a minimum of discretion in the interpretation of intergovernmental decisions concerning the work programme.

43. In response to another point made by the representative of Israel that the time had come for the Special Economic Unit to "... ring down the curtain on its endeavours and to bow gracefully from the stage...", he reminded the representative of Israel that the Special Economic Unit had been established not on the basis of any proposal by the UNCTAD secretariat, but at the specific behest of UNCTAD VI. For that reason, it was not for the Special Economic Unit to initiate its own liquidation. This was entirely a matter for the intergovernmental bodies concerned, and he hoped that the representative of Israel would address his concerns to that quarter.

44. The Special Economic Unit was not a free-standing autonomous entity isolated from the UNCTAD secretariat. It was an integral part of the UNCTAD secretariat, responsible to the Secretary-General of UNCTAD, and any concerns about its work should be addressed to him and not to the Special Economic Unit. He was aware that a few delegations had maintained their dissent from the UNCTAD VI decision which had created the Unit, but he found it surprising that they should so consistently attribute to the UNCTAD secretariat the responsibility for a decision which had been taken collectively by Governments and not by the UNCTAD secretariat.

45. He concluded by stating that the UNCTAD secretariat would lend its full cooperation in the implementation of such decisions as might be taken concerning the nature and evolution of the future work of the secretariat in this area.

46. The representative of the **Organization of African Unity** reaffirmed the solidarity of his organization with the Palestinian people and renewed its support for their legitimate struggle to liberate their territory and to establish a state in conformity with their aspirations. He praised the secretariat for its excellent report on the item. Within the context of the peace process in the Middle East, the report analysed the constraints faced by the Palestinian people and the role that the international community could play in creating an atmosphere of peace and mutual understanding in this troubled region. The statement by the Secretary-General of UNCTAD should also be seen in that light.

47. His Organization rejoiced at the signing, by Israel and the PLO, of an agreement on self-government arrangements for Gaza and Jericho. Through this act of courage and farsightedness, Israel had recognised the PLO as the legitimate representative of the Palestinian people, while the PLO had accepted the right of Israel to live in peace and security. Certainly, the peace process was still fragile and obstacles would arise along the way, especially since difficult issues remained to be dealt with. If the international community increased its efforts to support this agreement and accompany it with increased aid to promote development and cooperation, a new era might begin in the Middle East in which Arabs and Israelis would devote their rich human and natural resources to the creation of a region of peace and shared liberty.

48. The African continent, which was politically and geographically close to the Middle East, saw promising prospects for peace and development in the recent events. He hoped that a climate of confidence would soon emerge and that frank cooperation between Arabs and Israelis would make up for years lost in conflict and tension. In conclusion, he expressed his hopes for a radiant future for the valiant people of Palestine and for all the peoples of the region.

49. The representative of the **Russian Federation** noted the historical importance of the signature, in Washington, of the Declaration of Principles between Israel and the PLO. This accord would allow rapid headway to be made in strengthening the Israeli-Palestinian relationship. It had taken hard work to reach this stage, and his country was willing to play an active part in the practical steps which would now have to be taken. Notwithstanding pending problems, the Russian Federation believed that a global agreement would result from the peace process. With the signing of the accord, it was possible to embark on effective international assistance, one of the priorities of which was the economic development of Palestine. The international community now had to organize financial assistance to permit the development of Jericho and Gaza Strip. Trade exchanges must be envisaged which would be profitable for all countries in the region, and in that UNCTAD could play its role. To this effect, the UNCTAD secretariat should continue its work as in the past, in cooperation with other organizations in the system.

50. The Russian Federation had taken part in discussions with all parties concerned since the beginning of the peace process and had been an active partner in the movement for peace in the world. Now Russia wished also to be an active party to the implementation of this plan. Firstly, an international conference of donor countries would be convened on 1 October, in Washington, to put into effect the Israel-Palestine accord. International organizations, including IMF and IBRD, would participate in the Conference, which would consider, among other things, the pledges already made by some countries and the possibilities of development in the Palestinian territory. Pending issues relating to the Israel-Palestine accord should be settled in the coming three months. He concluded by reaffirming the Russian Federation's willingness to work for the realization of all decisions in which it participated.

51. The representative of **Palestine** expressed his deep thanks to delegations for their statements and pledges of economic assistance to the Palestinian people in their rehabilitation and reconstruction efforts. He thanked the Secretary-General for his clear and important statement made to the Committee.

He noted that the representative of Israel had sought the liquidation of the Special Economic Unit. This was not a new position by Israel on this matter, and it was based on political considerations. It would appear that the representative of Israel had not totally absorbed the implications of the event witnessed by the world in Washington a few days before.

52. He reaffirmed that the phase of reconstruction for the Palestinian people, during the interim period specified by the agreement, was one in which the Palestinian people required full support in all spheres of life. They attached great importance to the work of the Special Economic Unit in the forthcoming period of reconstruction. The Secretary-General of the United Nations had established a task force to prepare for the participation of the United Nations in this process, as had most countries of the world. He could not understand how, while the whole world, including Israel, was preparing to help to rebuild Palestinian society destroyed by occupation, the representative of Israel could propose the dismantlement of one of the units that continued to provide assistance to the Palestinian people on the economic level. This stance was in total contradiction with the agreement. The Israeli representative appeared not to have understood the provisions of that agreement, since the Israeli Foreign Minister had requested the international community to help the Palestinian people in the phase of reconstruction. The UNCTAD Special Economic Unit was one of the bodies engaged in providing assistance to the Palestinian people in the territory which was still occupied by Israel.

53. Some people seemed to believe that the problem in the region had been resolved and that therefore everything must change. However, in fact the problem was still there. What had taken place so far was that the Israeli and Palestinian sides had agreed on a Declaration of Principles which still required implementation. This in turn necessitated not one, but many separate agreements, and everything was subject to negotiation. The outcome of these could not be prejudged prior to their commencement, and the path forward was long and difficult.

54. He reaffirmed that all United Nations agencies, including UNCTAD, should continue their work in favour of the Palestinian people. The United Nations must continue to shoulder its responsibilities in respect of the question of Palestine until it was resolved. Indeed, an Israeli official had stated in an interview to be published soon that the agreement signed between Israel and the PLO did not bind either side. This meant that at any point, Israel could renounce this agreement. What would then have been achieved, if everything that had been established in the United Nations to assist the Palestinian people was dismantled on the basis of an agreement which Israel could renounce at any time? The United Nations must continue to shoulder its responsibilities with regard to the question of Palestine, which was not simply one of economics, but rather was a national question with economic and other dimensions.

55. The representative of the **Syrian Arab Republic** recalled UNCTAD Conference resolution 146(VI) which had established the Special Economic Unit (Palestinian people) and which had been endorsed by the General Assembly. The UNCTAD secretariat had tried to implement its mandate with honesty and sincerity, notwithstanding the difficulties it faced in terms of limited resources and the opposition by some States to its mandate. The secretariat's reports provided an important positive contribution to exposing the tragic living conditions of the Palestinian people under Israeli occupation.

56. Since the recent Israeli-Palestinian agreement, even more light had been shed on the realities of the critical conditions in which the Palestinian people continued to live and on the billions of dollars that would be required to help the Palestinian people in the future. This had proven that the previous reports by the secretariat had indeed been necessary, important and accurate, and that their findings were even more profound than had been realised by many. The Unit had made a positive contribution by preparing studies for the international community on the critical living conditions of the Palestinian people.

Accordingly, the UNCTAD secretariat and the Special Economic Unit deserved thanks for the role they had played.

57. On another level, he noted that the Secretary-General of the United Nations had established a task force, which included a number of United Nations agencies, to participate in providing support to the Palestinian people. He proposed that the Secretary-General of UNCTAD should bring to the attention of the Secretary-General of the United Nations the potentially positive contribution that the Special Economic Unit could make on this level, together with the reports, studies and inputs of other agencies. This should help the task force arrive at a comprehensive and realistic assessment of the situation of the Palestinian people. He concluded by reaffirming support for the work of the Special Economic Unit and expressed the hope that it would continue to prepare reports and studies as in the past and be strengthened. His delegation would continue to support the United Nations in all its endeavours for justice and peace.

58. The representative of **Israel** said that the debate on the item had been diverted into unproductive and unnecessary institutional paths. He believed that it was necessary to look towards the future in the Middle East, which would soon be undergoing radical transformation. In the past, occupation and boycott had taken their toll, as economic progress had faltered. This could be changed. The parties to the Washington agreements, their friends, the sponsors of the peace process and the donors of the future were about to commence the massive task of construction and reconciliation. The question before the Trade and Development Board was whether the role UNCTAD had to play would be a constructive one that made an impartial and meaningful contribution to the true interests of all who must live together in the region.

59. He proposed that, at this point in time, a dialogue of the involved parties be engaged. While not proposing the creation of new institutions, his delegation would certainly like to see changes in existing institutions and would continue to address that issue as appropriate. Within UNCTAD there existed great reserves of specialist knowledge in many relevant areas. The process of planning the future would gain rapid momentum in the coming months, not years. The groundwork had been laid in the negotiations that had taken place so far, and progress would accelerate in the Israel-Palestine Joint Economic Committee. A sense of urgency was thus called for.

60. The proposal before the Trade and Development Board was to start a process of discussion, organized under the chairmanship of a figure acceptable to all, in an informal and unstructured manner, without budgets or institutional mechanisms. The purpose of these discussions would be to bring a recommendation to the Trade and Development Board for constructive and competent involvement by UNCTAD in the tasks ahead. All parties should be able to participate, with the assurance that they were dealing with each other on a basis of equality, openness and partnership, limited only by a strict appreciation of reality. In concluding, he stated that the task of the Board should be a positive one - to chart a new course, to encourage and foster reconciliation and above all to use the instruments at its disposal to make a contribution worthy of the values it professed.

61. The representative of **Egypt** said she agreed that UNCTAD'S work on assistance to the Palestinian people should be supported effectively. In the past, the Special Economic Unit had undertaken its tasks fully and prepared useful studies in its field of competence. Today, at this critical juncture, it was not enough to praise the past work of the Unit. Rather it was necessary to reinforce the credibility of the studies prepared by the Unit on the regional and international levels, so that they would be taken into consideration alongside other reports and studies prepared on the subject. To this end, the Unit should join the efforts of the Secretary-General with respect to the task-force. She asked that consultations take place in this regard so that the

Unit's activities might be strengthened in the light of developments in the region.

Action by the Sessional Committee

62. At its 5th meeting, on 24 September 1993, Sessional Committee II took note of the report of the UNCTAD secretariat (TD/B/40(1)/8) and of the statements made during the formal debate on the item.

Annex V

MEMBERSHIP AND ATTENDANCE

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Afghanistan
Albania
Algeria
Angola
Argentina
Australia
Austria
Bangladesh
Belarus
Belgium
Benin
Bhutan
Bolivia
Brazil
Bulgaria
Burundi
Cameroon
Canada
Chile
China
Colombia
Costa Rica
Côte d'Ivoire
Cuba
Czech Republic
Democratic People's Republic of Korea
Denmark
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Germany
Ghana
Greece
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Kuwait
Lebanon
Liberia
Libyan Arab Jamahiriya
Liechtenstein
Madagascar
Malaysia
Malta
Mauritius
Mexico
Mongolia
Morocco
Myanmar
Nepal
Netherlands
New Zealand
Nicaragua
Nigeria
Norway
Oman
Pakistan
Panama
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Senegal
Singapore
Slovakia
Spain
Sudan
Sri Lanka
Sweden
Switzerland
Syrian Arab Republic
Thailand
The Former Yugoslav Republic of Macedonia
Trinidad and Tobago
Tunisia
Turkey
Uganda
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Venezuela
Viet Nam
Yemen
Zambia
Zimbabwe

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*/ For the list of participants, see TD/B/40(1)/INF.2.

2. The following other State member of UNCTAD, not member of the Board, was represented at the session:

Holy See

3. Participated pursuant to General Assembly resolution 3280 (XXIX):

Pan Africanist Congress of Azania

4. The Joint Inspection Unit
United Nations Development Programme were represented at the session.
The International Trade Centre UNCTAD/GATT was also represented.

5. The following specialized and related agencies were represented at the session:

Food and Agriculture Organization of the United Nations
International Monetary Fund
United Nations Industrial Development Organization
The General Agreement on Tariffs and Trade was also represented.

6. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
Agency for Cultural and Technical Cooperation
Arab Magreb Union
European Economic Community
International Organization for Migration
International Textiles and Clothing Bureau
League of Arab States
Organization of African Unity
Organization of the Islamic Conference

7. The following non-governmental organizations were represented at the session:

General Category

Friends World Committee for Consultation (Quakers)
International Chamber of Commerce
International Confederation of Free Trade Unions
International Express Carriers Conference
Women's International League for Peace and Freedom
World Association of Former United Nations Interns and Fellows
World Federation of United Nations Associations
World Veterans Federation

Special Category

International Air Transport Association
International Association of Islamic Banks

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